



DEDICATED TO A STRONG GREATER MINNESOTA

April 17, 2023

RE: House Omnibus Tax Bill – HF 1938

Dear Chair Gomez and Committee Members:

I am reaching out on behalf of the Coalition of Greater Minnesota Cities (CGMC) to express our appreciation for the inclusion of the local government aid (LGA) provisions contained in Article 4 of the House Omnibus Tax Bill.

LGA is critical to assisting communities across the state, and especially in Greater Minnesota, with providing the services and infrastructure that our residents and businesses rely on, while restraining property taxes. For many years now the LGA appropriation has not kept pace with inflation and has shrunk as a share of the state's general fund budget. The \$100 million increase contained HF 1938 will make a significant impact in communities large and small and renews the state's commitment to its partnership with local governments. Given the size of the surplus we see no reason that the legislature cannot ultimately pass an increase of at least \$100 million.

We also support the inclusion of the LGA formula updates contained in this bill. These updates are the product of two years of work with our colleagues at the League of Minnesota Cities, Metro Cities, and the Minnesota Association of Small Cities. These updates come approximately 10 years after the last significant work was done on the formula and will be more responsive to newer data and changed circumstances. CGMC wholly supports these changes.

Finally, we appreciate the inclusion of the inflation factor which will increase the LGA appropriation over time to reflect the increase in costs and service needs faced by cities. The inclusion of this provision will make LGA more predictable for cities as they do their budgeting and will help LGA fulfill its dual mission of helping cities thrive, while also restraining property taxes.

Passage of these LGA provisions is the highest priority for our organization. We look forward to working with you through the rest of the session to make these important LGA provisions become a reality.

Sincerely,

Bradley Peterson
Executive Director, Coalition of Greater Minnesota Cities